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Agenda Item 4c

June 14, 2011

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. **SUBJECT:** Approval of 2012 Preferred Provider Organization Plans Rates
- II. **PROGRAM:** Health Policy and Planning
- III. **RECOMMENDATION:** Staff recommends the Health Benefits Committee approve the proposed 2012 rates for the Preferred Provider Organization (PPO) Health Plans, with benefit design changes.

IV. ANALYSIS:

Mercer, as well as the actuarial staff at Anthem Blue Cross, collaborated with CalPERS staff in the assessment of the 2012 PPO health plan rates. The review examined current utilization and cost trends and the need to maintain appropriate reserves under the Actuarial Reserve methodology. The rates include a rate reduction strategy using excess reserves in the amount of \$65.8 million.

The PERS Select plan will expand to include Marin County for the 2012 calendar year.

Proposed 2012 State and contracting agency rates and final benefit changes for PPO health plans (PERS Choice, PERSCare, and PERS Select) are included in the attachment. These rates include the benefit changes described in Agenda Item 4a.

V. STRATEGIC PLAN:

This item supports the CalPERS Strategic Plan Goal X, which states: "Develop and administer quality, sustainable benefit programs that are responsive to, and valued by, enrollees and employers."

VI. RESULTS/COSTS:

Costs associated with this item are continuously appropriated in the Public Employees' Health Care Fund.

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Attachments